

**Terrebonne Parish Veterans'
Memorial District**

**Annual Financial Report
As of and for the
Year Ended December 31, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and where appropriate, at the office of the parish clerk of court.

Release Date OCT 03 2012

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

**Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government**

**Annual Financial Report
As of and for the Year Ended December 31, 2011**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government
Houma, Louisiana

We have audited the accompanying financial statements of the Terrebonne Parish Veterans' Memorial District (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

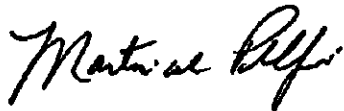
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Terrebonne Parish Veterans' Memorial District as of December 31, 2011, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Board of Commissioners
Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government
Houma, Louisiana
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Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 6 and the budgetary comparison schedule on page 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



June 26, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government
Management's Discussion and Analysis
December 31, 2011

As management of the Terrebonne Parish Veterans' Memorial District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2011. A comparative analysis will be provided in future years when prior year information is available.

FINANCIAL HIGHLIGHTS

- Terrebonne Parish Veterans' Memorial District's assets exceeded its liabilities by \$191,121 (net assets) as of December 31, 2011
- Expenses exceeded revenues by \$37,473 during the year

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's financial statements. The Terrebonne Parish Veterans' Memorial District's financial statements consist of the following components.

Statement of Net Assets. This statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless if they are currently available or not.

Statement of Activities. Consistent with the full accrual basis method of accounting, this statement accounts for the entity-wide current year revenues and expenses regardless of when cash is received or paid.

Balance Sheet – Governmental Funds. This statement presents the District's assets, liabilities, and fund balances for its general fund and capital projects fund.

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds. Consistent with the modified accrual basis method of accounting, this statement accounts for current year revenues when received except when they are measurable and available. Expenditures are accounted for in the period that goods and services are used in the government's activities. In addition, capital asset purchases are expensed and not recorded as an asset. The statement also exhibits the relationship of revenues and expenditures with the change in net assets.

Notes to Financial Statements. The accompanying notes provide additional information essential to a full understanding of the data provided in the financial statements.

Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government
Management's Discussion and Analysis
December 31, 2011

BASIC FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets exceeded liabilities by \$191,121 at the close of the most recent year, December 31, 2011. The largest portion of the District's total assets is investments (56%) and capital assets, net of accumulated depreciation (26%).

The District's Net Assets

ASSETS	December 31, 2011
Current assets	\$ 1,693,862
Other assets	18,072
Capital assets, net of accumulated depreciation	<u>611,136</u>
TOTAL ASSETS	<u>\$ 2,323,070</u>
LIABILITIES	
Payables	\$ 42,065
Deferred revenue	389,884
Certificate of indebtedness	
Due within one year	116,000
Due in more than one year	<u>1,584,000</u>
TOTAL LIABILITIES	<u>2,131,949</u>
NET ASSETS	
Investment in capital assets, net of related debt	229,569
Unrestricted	<u>(38,448)</u>
Total net assets	<u>191,121</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,323,070</u>

- Bonds payable accounts for 80% of total liabilities.

**Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government
Management's Discussion and Analysis
December 31, 2011**

BASIC FINANCIAL ANALYSIS (Cont.)

During the year the District's net assets decreased by \$37,473. The elements of the decrease are as follows:

The District's Change in Net Assets

REVENUES

State Grant - Act 41	\$ 20,000
Miscellaneous:	
Interest income	674
Other	30
Total revenues	<u>20,704</u>

EXPENSES

Other services and charges	12,321
Depreciation	16,151
Total expenses	<u>28,472</u>

INTEREST EXPENSE

29,705

CHANGE IN NET ASSETS

\$ (37,473)

As indicated above, net assets decreased by \$37,473. This decrease is primarily attributable to depreciation and bond interest expense accrual

**Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government
Management's Discussion and Analysis
December 31, 2011**

CAPITAL ASSETS

As of December 31, 2011, the District had \$636,193 invested in capital assets.

Buildings	\$ 538,869
Construction in progress	32,864
Artifacts	62,915
Office equipment	<u>1,545</u>
	636,193
Less accumulated depreciation	<u>(25,057)</u>
	<u>\$ 611,136</u>

CERTIFICATE OF INDEBTEDNESS

Series 2011 limited tax bonds totaling \$1,700,000 were sold during the year ended December 31, 2011 for the purpose of constructing, acquiring, and furnishing a regional military museum. The first payment is due March 1, 2012. Interest accrued was \$29,705 for 2011. More detailed information about the bonds is presented in the notes to the financial statements.

BUDGET

The District was not required to and did not amend its general fund budget during the fiscal year. The budget for revenues was \$20,000, and the budget for expenditures was \$20,000.

The District's actual general fund revenues exceeded budgeted revenues by \$30, a variance of .15%. The District's actual expenditures equaled the budgeted expenditures.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with such an interest. Call the District's office at (985) 873-6459, attention Chief Financial Officer, Terrebonne Parish Consolidated Government, if you should have any further questions concerning any of the information provided in this report or have a request for additional financial information.

FINANCIAL STATEMENTS SECTION

**Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government**

Statement of Net Assets

December 31, 2011

	Government Activities
ASSETS	
Cash	\$ 7,293
Investments	1,300,548
Taxes receivable	35,805
Due from Terrebonne Parish Consolidated Government	350,217
Deferred bond issuance costs	18,006
Security deposits	65
Capital assets, net of accumulated depreciation	<u>611,136</u>
TOTAL ASSETS	<u><u>\$ 2,323,070</u></u>
LIABILITIES	
Accounts payable	\$ 7,825
Due to Terrebonne Parish Consolidated Government	4,535
Interest payable	29,705
Deferred revenue	389,884
Bonds payable	
Due within one year	116,000
Due after one year	<u>1,584,000</u>
TOTAL LIABILITIES	<u>2,131,949</u>
NET ASSETS	
Investment in capital assets, net of related debt	229,589
Unrestricted	<u>(38,448)</u>
TOTAL NET ASSETS	<u>191,121</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,323,070</u></u>

The accompanying notes are an integral part of this statement.

**Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government**

Statement of Activities

For the Year Ended December 31, 2011

	Government Activities
REVENUES	
State grant - Act 41	\$ 20,000
Miscellaneous:	
Interest income	674
Other	<u>30</u>
TOTAL REVENUES	<u>20,704</u>
EXPENSES	
Culture and recreation:	
Other services and charges	12,321
Depreciation	<u>16,151</u>
TOTAL EXPENSES	<u>28,472</u>
OTHER EXPENSES	
Interest expense	<u>29,705</u>
CHANGE IN NET ASSETS	(37,473)
NET ASSETS	
Beginning of year	<u>228,594</u>
End of year	<u><u>\$ 191,121</u></u>

The accompanying notes are an integral part of this statement.

**Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government**

**Balance Sheet
Governmental Funds**

December 31, 2011

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash	\$ 4,536	\$ 2,757	\$ 7,293
Investments	-	1,300,548	1,300,548
Taxes receivable	35,805	-	35,805
Due from Terrebonne Parish Consolidated Government	350,217	-	350,217
Security deposits	65	-	65
TOTAL ASSETS	\$ 390,623	\$ 1,303,305	\$ 1,693,928
LIABILITIES			
Accounts payable	\$ 35	\$ 7,790	\$ 7,825
Due to Terrebonne Parish Consolidated Government	-	4,535	4,535
Deferred revenue	389,884	-	389,884
Total liabilities	389,919	12,325	402,244
FUND BALANCE			
Restricted	-	1,290,980	1,290,980
Unassigned	704	-	704
Total fund balance	704	1,290,980	1,291,684
TOTAL LIABILITIES AND FUND BALANCE	\$ 390,623	\$ 1,303,305	\$ 1,693,928

The accompanying notes are an integral part of this statement

**Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government**

**Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds**

For the Year Ended December 31, 2011

	General Fund	Capital Project Fund	Total Governmental Funds
REVENUES			
Intergovernmental.			
State grant - Act 41	\$ 20,000	\$ -	\$ 20,000
Miscellaneous.			
Interest income	674	-	674
Other	30	-	30
	<u>20,704</u>	<u>-</u>	<u>20,704</u>
TOTAL REVENUES	<u>20,704</u>	<u>-</u>	<u>20,704</u>
EXPENDITURES			
Current			
Culture and recreation.			
Other services and charges	12,322	18,006	30,328
Capital outlay	<u>7,678</u>	<u>391,014</u>	<u>398,692</u>
	<u>20,000</u>	<u>409,020</u>	<u>429,020</u>
TOTAL EXPENDITURES	<u>20,000</u>	<u>409,020</u>	<u>429,020</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	704	(409,020)	(408,316)
OTHER FINANCIAL SOURCES			
Limited tax bonds issued	<u>-</u>	<u>1,700,000</u>	<u>1,700,000</u>
CHANGE IN FUND BALANCE	704	1,290,980	1,291,684
FUND BALANCE			
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 704</u>	<u>\$ 1,290,980</u>	<u>\$ 1,291,684</u>

The accompanying notes are an integral part of this statement.

**Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government**

**Reconciliation of the Balance Sheet of the Governmental Funds
To the Statement of Net Assets**

December 31, 2011

Total fund balance - total governmental funds	\$ 1,291,684
Amounts reported for governmental activities in the statement of net assets are different because:	
Bond issuance costs are not financial resources and, therefore are not reported in the funds.	18,006
Capital assets of \$636,193 net of accumulated depreciation of \$25,057, are not financial resources and, therefore, are not reported in the funds.	611,136
Outstanding limited tax bonds of \$1,700,000 and associated interest payable of \$29,705, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(1,729,705)</u>
Net assets of governmental activities	<u>\$ 191,121</u>

The accompanying notes are an integral part of this statement.

**Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government**

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance – Governmental Funds to the
Statement of Activities**

For the Year Ended December 31, 2011

Change in fund balance - governmental fund	\$1,291,684
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Amounts reported for governmental activities in the statement
of activities are different because:

Governmental fund reports capital outlays as expenditures
whereas in the statement of activities, these costs are
depreciated over their estimated useful lives

Depreciation expense	(16,151)	
Capital outlays	<u>398,692</u>	382,541

The issuance of long-term debt provides current
financial resources to governmental funds. This
transaction has no effect on net assets. Also,
governmental funds report the effect of issuance
costs, premiums, discounts and similar items
when debt is first issued, whereas these amounts
are deferred and amortized in the statement of
activities.

Bond proceeds	(1,700,000)	
Deferred bond issuance costs		18,007

Interest on long-term debt is not accrued in
governmental funds, but rather is recognized as
an expenditure when due.

Change in net assets of governmental activities	<u>(29,705)</u>	
	<u>\$ (37,473)</u>	

The accompanying notes are an integral part of this statement.

**Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government**

Notes to Financial Statements
As of and for the Year Ended December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Terrebonne Parish Veterans' Memorial District (the District) complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant of the government's accounting policies are described below.

A. REPORTING ENTITY

The District is a component unit of Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2011. GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14* established the criterion for determining which component units should be considered part of the District for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the District appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the District and the potential component unit.
4. Imposition of will by the District on the component unit
5. Financial benefit/burden relationship between the District and the potential component unit

The District has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements

B. BASIS OF PRESENTATION

The District's basic financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements.

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the District. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

**Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government**

Notes to Financial Statements
As of and for the Year Ended December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Fund Financial Statements:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of Statement No. 34. Emphasis is on the major funds in governmental categories. The daily accounts and operations of the District continue to be organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of the fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following are the governmental funds of the District:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund. The General Fund is always a major fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs and is not reported as a major fund.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction and renovation of major capital facilities and is reported as a major fund.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

**Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government**

Notes to Financial Statements
As of and for the Year Ended December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2011 property taxes which are being levied to finance the 2012 budget will be recognized as revenue in 2012. The 2011 tax levy is recorded as unearned revenue in the District's 2011 financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due. Allocations of cost such as depreciation are not recognized in the governmental funds.

D. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. OPERATING BUDGETARY DATA

As required by the Louisiana Revised Statutes 39.1303, the District Board of Commissioners (the Board) adopted a budget for the District's General Fund and five year capital outlay. Prior to adoption of the budget, approval of the Terrebonne Parish Council must be first obtained (R.S. 33:9357).

**Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government**

Notes to Financial Statements
As of and for the Year Ended December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the District Board with prior approval by the Terrebonne Parish Council. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

The General Fund budget presentation is included in the required supplemental information.

F. ACCOUNTS RECEIVABLE

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

G. DEFERRED BOND ISSUANCE COSTS

The District has recorded deferred bond issuance costs in its government-wide financial statements. Deferred bond issuance costs are amortized over the term of the related debt using the effective interest method.

H. CAPITAL ASSETS

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchases, or acquired, with an original cost of \$1,000 or more are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

**Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government**

Notes to Financial Statements
As of and for the Year Ended December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20 – 40 years
Improvements other than building	5 – 25 years
Office furniture, fixtures and equipment	5 years
Museum artifacts	5 years
Machinery and equipment	5 – 20 years

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

I. LONG-TERM DEBT

The accounting treatment of long-term debt depends on whether the debt is reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

All long debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists of limited tax bonds.

Fund Financial Statements:

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest reported as expenditures.

J. VACATION AND SICK LEAVE

The District has no employees. There is no accumulated unpaid vacation and sick leave at December 31, 2011.

**Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government**

Notes to Financial Statements
As of and for the Year Ended December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

K. FUND EQUITY

Government-wide Statements:

Equity is classified as net assets and displayed in three components:

- 1) Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any.
- 2) Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- 3) Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

- 1) Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally contractually required to maintain intact.
- 2) Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments
- 3) Committed – amounts that can be used only for specific purposes determined by a formal action of the District's Board. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the District's Board with

**Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government**

Notes to Financial Statements
As of and for the Year Ended December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

prior approval by the Terrebonne Parish Council (Terrebonne Parish Consolidated Government).

4) Unassigned – all other spendable amounts.

For the classification of governmental fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available. The District's fund balance was classified as restricted and unassigned as of December 31, 2011.

L. NEW GASB STATEMENTS

For the year ending December 31, 2011, the District implemented the following GASB Statements:

Statement No. 54, "*Fund Balance Reporting and Government Fund Type Definitions*." The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

NOTE 2 – DEPOSITS AND INVESTMENTS

All District monies are held in a cash and investment pool maintained by the Parish and available for use by all funds. The District's portion of this pool is included on the Statement of Net Assets and Governmental Fund Balance Sheet as "cash and/or investments"

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investment, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations

State law requires deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

**Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government**

Notes to Financial Statements
As of and for the Year Ended December 31, 2011

NOTE 2 – DEPOSITS AND INVESTMENTS (cont.)

The year-end balances of deposit held by the Parish were as follows:

Cash on Hand	\$	7,293
Reported amount of deposits		-
Reported amount of investments		1,300,548
Total	\$	<u>1,307,841</u>
Cash and Cash Equivalents	\$	7,293
Investments		1,300,548
Total	\$	<u>1,307,841</u>

As mentioned previously, all District funds are held and invested by the Parish who has proper pledging to cover funds for the District. At December 31, 2011, cash and certificates of deposits were adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the District and the Parish, respectively. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

State statutes authorize the District to invest in the U.S. Treasury, agencies and instrumentalities; commercial paper rated AAA 1, 2, or 3; repurchase agreements and the Louisiana Asset Management Pool.

As a means of limiting its exposure to fair value losses arising from interest rates, the District's investment policy limits investments to securities maturing less than six months from the date of purchase unless the investment is matched to a specific cash flow.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy requires the application of the prudent-person rule. The policy states, *investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis*

**Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government**

Notes to Financial Statements
As of and for the Year Ended December 31, 2011

NOTE 2 – DEPOSITS AND INVESTMENTS (cont.)

shall be placed upon the safety of such funds in an effort to minimize risk while earning maximum returns. The District's investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAAm.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by Securities and Exchange Commission.

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities.

The dollar-weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares. Investments in LAMP as of December 31, 2011 amounted to \$1,300,548 and are classified on the Statement of Net Assets as "Investments". In accordance with GASB Codification Section 150.126, the investment in LAMP as of December 31, 2011 is not recognized in the three risk categories provided by GASB Codification 150.125 because the investment is in the pool of funds and, therefore, not evidenced by securities that exist in physical or book entry form.

**Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government**

Notes to Financial Statements
As of and for the Year Ended December 31, 2011

NOTE 2 – DEPOSITS AND INVESTMENTS (cont.)

At December 31, 2011, the District had the following investments and maturities:

Investment Type	Investment Maturities (in years)			
	Fair Value	Less Than 1	1-5	5 or more
Louisiana Asset Management Pool (LAMP)	\$ 1,300,548	\$ 1,300,548		
Total	<u>\$ 1,300,548</u>	<u>\$ 1,300,548</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 3 – PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years.

The last reevaluation was completed for the list of January 1, 2008, with a special reevaluation of January 1, 2011. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2011 was \$.50 per \$1,000 of assessed valuation on property parish-wide for the purpose of improving, maintaining, acquiring, constructing, furnishing and operating a regional military museum, and the Veterans Memorial Park on Louisiana Highway 311, in the Parish of Terrebonne, State of Louisiana. As indicated in Note 1C, taxes levied November 1, 2011 are for budgeted expenditures in 2012 and will be recognized as revenues in 2012.

NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2011 consisted of the following:

**Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government**

Notes to Financial Statements
As of and for the Year Ended December 31, 2011

NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS (Cont.)

	<u>General Fund</u>
State of Louisiana -	
State revenue sharing	\$ 8,272
Terrebonne Parish Sheriff's Office (Tax Collector) -	
December 2011 collections remitted to the	
District in January 2012:	
Ad valorem taxes	337,809
State revenue sharing	4,136
Total	<u>\$ 350,217</u>

NOTE 5 – CHANGES IN CAPITAL ASSETS

A summary of capital activity for the year ended December 31, 2011 was as follows:

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	32,864	-	32,864
Total capital assets not being depreciated	-	32,864	-	32,864
Capital assets being depreciated:				
Buildings	237,500	301,369	-	538,869
Office furniture, fixtures and equipment	-	1,545	-	1,545
Artifacts	-	62,915	-	62,915
Total capital assets being depreciated	237,500	365,829	-	603,329
Less accumulated depreciation for:				
Buildings	(8,906)	(9,705)	-	(18,611)
Office furniture, fixtures and equipment	-	(154)	-	(154)
Artifacts	-	(6,292)	-	(6,292)
Total accumulated depreciation	(8,906)	(16,151)	-	(25,057)
Total capital assets being depreciated, net	228,594	349,678	-	578,272
Total capital assets, net	<u>\$ 228,594</u>	<u>\$ 382,542</u>	<u>\$ -</u>	<u>\$ 611,136</u>

**Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government**

**Notes to Financial Statements
As of and for the Year Ended December 31, 2011**

NOTE 5 - CHANGES IN CAPITAL ASSETS (Cont.)

Depreciation amounting to \$16,151 was recorded as a cultural and recreation expense for the year ended December 31, 2011.

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures at December 31, 2011 consisted of the following:

	<u>Governmental Activities</u>
General Fund	
Vendors	\$ 35
Total General Fund	<u>\$ 35</u>

NOTE 7 – LONG-TERM DEBT

At December 31, 2011, the District had limited tax bonds, Series 2011 outstanding, totaling \$1.7 million bearing interest at a rate of 3.14% per year, are repayable through March 1, 2021 from ad valorem tax revenues.

The following is a summary of changes in long-term debt for the year ended December 31, 2011:

Bonds payable at January 1, 2011	\$ -
Bonds Issued	<u>1,700,000</u>
Bonds payable at December 31, 2011	<u>\$ 1,700,000</u>

The annual requirements to amortize all long-term debt outstanding at December 31, 2011 are as follows:

**Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government**

Notes to Financial Statements
As of and for the Year Ended December 31, 2011

NOTE 7 – LONG-TERM DEBT (Cont.)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 116,000	\$ 58,627	\$ 174,627
2013	149,000	42,607	191,607
2014	155,000	40,700	195,700
2015	162,000	38,039	200,039
2016	168,000	34,860	202,860
2017	175,000	30,993	205,993
2018	182,000	26,303	208,303
2019	190,000	20,475	210,475
2020	197,000	13,210	210,210
2021	206,000	4,635	210,635
	<u>\$ 1,700,000</u>	<u>\$ 310,449</u>	<u>\$ 2,010,449</u>

NOTE 8 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the district carries commercial insurance. No settlements were made during the year that exceeded the District's insurance coverage.

NOTE 9 – COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year ended December 31, 2011.

NOTE 10 – SUBSEQUENT EVENTS

Subsequent events were evaluated through June 26, 2012, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

**Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government**

**Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Revised Budget
				Over/(Under)
REVENUES				
Intergovernmental:				
State of Louisiana - Act 41	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Miscellaneous				
Interest	-	-	674	674
Other	-	-	30	30
TOTAL REVENUES	20,000	20,000	20,704	704
EXPENDITURES				
Current				
Culture and Recreation				
Other services and charges	18,000	18,000	12,322	(5,678)
Capital Outlay	2,000	2,000	7,678	5,678
TOTAL EXPENDITURES	20,000	20,000	20,000	-
NET CHANGE IN FUND				
BALANCES	-	-	704	704
FUND BALANCE				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ 704	\$ 704

See Independent Auditor's Report.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**Martin
and
Pellegrin**

103 Ramey Road
Houma, Louisiana 70360

*Certified Public Accountants
(A Professional Corporation)*

Ph. (985) 851-3638
Fax (985) 851-3951

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government
Houma, Louisiana

We have audited the financial statements of the Terrebonne Parish Veterans' Memorial District (the District), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2011, and have issued our report thereon dated June 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

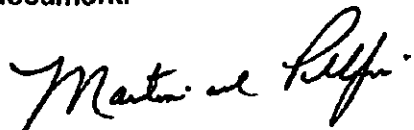
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Board of Commissioners
Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government
Houma, Louisiana
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Board of Commissioners, and the Louisiana Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink, appearing to read "Martin A. Ruffin". The signature is written in a cursive, flowing style.

June 26, 2012

**Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government**

**Schedule of Findings and Responses
For the Year Ended December 31, 2011**

Section I – Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of the Terrebonne Parish Veterans' Memorial District.
2. No deficiencies in internal control were noted during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Terrebonne Parish Veterans' Memorial District were disclosed during the audit.
4. A management letter was not issued.

Section II – Financial Statement Findings

No findings material to the basic financial statements of the Terrebonne Parish Veterans' Memorial District were noted during the audit.

Section III – Internal Control Findings

No findings related to the Terrebonne Parish Veterans' Memorial District's internal control, which would be required to be reported in accordance with *Government Auditing Standards*, were noted during the audit.

Section IV – Findings and Questioned Costs – Major Federal Award Program Audit

This section is not applicable.

**Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government**

**Management's Corrective Action Plan for Current Year Findings
For the Year Ended December 31, 2011**

The contact person for all corrective actions noted below is Mrs. Jamie Elfert, Chief Financial Officer for Terrebonne Parish Consolidated Government

Section I – Internal Control and Compliance

This section is not applicable

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable

Section III – Management Letter

This section is not applicable.

**Terrebonne Parish Veterans' Memorial District
Terrebonne Parish Consolidated Government**

**Schedule of Prior Findings and Responses
For the Year Ended December 31, 2011**

Note: The audit of the Terrebonne Parish Veterans' Memorial District for the year ended December 31, 2011, is the first audit of the entity and, as such, there are no prior findings.

Section I – Internal Control and Compliance Material to the Financial Statements

This section is not applicable

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable

Section III – Management Letter

This section is not applicable.